



# **DWP Universal Credit**

## **Personal Budgeting Support and Alternative Payment Arrangements**

### **Guidance**

**UC87**

**V5.0 March 2017**

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## Introduction

Universal Credit (UC) prepares claimants for the world of work in which 75 per cent of employees are paid monthly. It also encourages claimants to take responsibility for their own financial affairs. To that end, UC is paid in a single monthly sum to households. Households are expected to manage their own budgets, making housing costs a priority.

The purpose of this guidance is to provide high-level information to complement the low-level Knowledge Management (KM) guidance that has been developed for operational staff. It sets out the approach to provide Personal Budgeting Support (PBS) and to implement Alternative Payment Arrangements (APA) where appropriate for UC claimants, considering a combination of financial and other challenging factors e.g. addiction, homelessness, learning difficulties etc. It is important that claimants are able to make the same sorts of decisions as those in work and develop the financial capability to do so.

## What is Personal Budgeting Support?

Personal Budgeting Support is about helping claimants adapt to three key changes that UC brings:

1. a single household payment which is;
2. paid monthly, and
3. the UC housing element paid directly to the claimant - so the claimant will then be required to pay their rent to their landlord themselves.

Personal Budgeting Support will support claimants who need help managing their money and paying their bills on time as they transition onto UC.

## What are the elements of Personal Budgeting Support?

There are 2 elements to Personal Budgeting Support:

1. **Money advice** to help claimants cope with managing their money on a monthly basis and paying their bills on time
  - **Money advice** will be offered online, by phone, or face to face.
  - Money advice will be delivered by external organisations with the relevant expertise to do this
2. **Alternative Payment Arrangements** for those claimants who cannot manage the single monthly payment and there is a risk of financial harm to the claimant and/or their family.

## How will money advice support UC claimants?

**Money advice** will be offered to all UC claimants when they make a new claim or at the point of migration to UC.

Some claimants will need **money advice** for a short period of time, others for longer.

There will be different levels and types of **money advice** based on the claimants needs;

- all claimants will be given a Money Advice Service (MAS) leaflet
- some claimants will be signposted to online services available on GOV.UK using the Online Budgeting Support - Money Manager tool offered by the Money Advice Service
- some will be offered single or multiple session(s) over the phone,
- others more intensive face to face sessions with the potential for follow up call(s), if required

**Money advice** services will be tailored to the claimants' ability to handle each of the main UC financial changes:

- Monthly payments
- Single payment to the household; and,
- Housing element paid directly to the claimant.

The majority of claimants needing an Alternative Payment Arrangement will also be referred for **money advice**. This is with a view to them becoming more financially independent and ultimately moving back onto the standard monthly payment.

## What is the money advice process?

The **money advice** process filters claimants to the most suitable service and channel in the most efficient way. This means that:

- Claimants who have no need for money advice are given the MAS leaflet
- Claimants who can self-serve can use the Online Budgeting Support - Money Manager tool available on GOV.UK or phone service
- Claimants who are considered vulnerable and need money advice to help them manage their money will be referred to their Local Authority; who will determine the claimants' needs. This may involve referrals to third party organisations working alongside the Local Authority for example Citizens Advice.
- Claimants who need an alternative payment arrangement, either as well as, or instead of money advice, are quickly identified and it is promptly put in place

## What are Alternative Payment Arrangements?

The move to a single monthly household payment will be a significant change to the way most benefits are currently paid. The following Alternative Payment Arrangements will be available to help claimants who are identified as needing additional support:

- Paying the housing element of UC as a Managed Payment direct to the landlord
- More frequent than monthly payments
- A split payment of an award between partners.

## When can an Alternative Payment Arrangement be considered?

Alternative Payment Arrangements can be considered at any point during the UC claim. They may be identified at the outset alongside Personal Budgeting Support, or during the claim e.g. because the claimant is struggling with the single monthly payment

They can also be triggered by information received from the claimant, their representative, their caseworker or their landlord, advising of a build up of rent arrears. To safeguard the claimant's home, a landlord can notify UC of a build up of rent arrears and ask for the UC housing element to be paid direct to them where a rent arrears 'trigger' has been reached. The guidance at Annex A provides more details about these 'triggers'.

## When should Alternative Payment Arrangements not be offered?

The Government is keen that Universal Credit reflects the world of work where 75% of people receive their salary monthly. The majority of claimants will be paid a single monthly payment, which will encourage personal responsibility for finances and show claimants how to budget on a monthly basis. This will enable them to make a smooth transition into monthly paid work.

Alternative Payment Arrangements should **only** be considered for those claimants who cannot manage the single monthly payment and as a result there is a risk of financial harm to the claimant and/or their family. The UC agent will consider a number of factors and evidence provided to decide if an Alternative Payment Arrangement is appropriate.

## What are the key elements to consider?

Alternative Payment Arrangements will be 'claimant centric,' in other words something that is discussed and considered **with** the claimant. Applications will be considered on a case by case basis.

A claimant can be considered for one or more Alternative Payment Arrangement based on individual circumstances and characteristics. The UC <sup>1</sup>agent acting on behalf of the Secretary of State makes the decision whether to award an Alternative Payment Arrangement taking account of numerous factors:

For example:

- Is the claimant managing to pay their bills on time, particularly their rent, and have they fallen into arrears in the past, or are they currently in arrears?
- Do they think they will be able to manage a monthly budget, taking account of their income and outgoings over a calendar month?
- If the claimant is part of a couple, are they used to managing their money together and do they think they will be able to manage the single UC payment to the household?

When considering Alternative Payment Arrangements, the Tier 1 and Tier 2 factors set out at [Annex A](#) should be used as an indicator to decide if these arrangements are appropriate to an individual.

All cases must be assessed on an individual basis and information will need to be gathered with sensitivity. It will be important to gain confidence and build trust and rapport with individuals, listening to their needs, probing and questioning to identify the issues.

Details from a third party i.e. the claimants' representative, their caseworker and / or their landlord can be used to inform a decision.

## **In what priority order will they be considered?**

Alternative Payment Arrangements will be considered in the following order of priority:

1. Paying the UC housing element to the landlord will be the first priority where it is part of the UC award, in order to safeguard the claimants' home. The Managed Payment of the housing costs element to landlord would always be deducted and paid first as the priority APA,
2. Secondly and where appropriate, we should consider if a more frequent payment is needed.
3. Thirdly, the split payment of an award between partners should only be considered in certain circumstances, for example:
  - financial abuse where one partner mismanages the UC award; and/or,
  - where domestic violence is an issue and the couple decide to remain together in the same household, but only one claim to UC is not made.

**Note:** see section [Split Payments](#) for more detail

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<sup>1</sup> For the purposes of this document reference to the term UC agent covers the roles of the work coach, Service Centre Agent and Service Centre Decision Maker

If the claimant meets the criteria for either (2) or (3) above, their landlord (if they have rental liability) will automatically be paid the UC housing element direct, with the remaining UC paid as appropriate.

In summary a claimant could therefore have any of the following combinations:

- Housing element paid direct to landlord only
- More frequent payments only (for non householders)
- Split Payment only
- Housing element paid direct to landlord and more frequent payments
- Housing element paid direct to landlord and Split Payments
- More frequent payments and Split Payments (for non householder couples where appropriate)
- Housing element paid direct to landlord, more frequent payments and Split Payments

The above aims to support those claimants over time in developing their budgeting capability and at the same time safeguarding their home.

## **1. Managed Payment of the UC Housing Element paid to landlords**

We expect most UC claimants will receive the single monthly payment and take responsibility for paying their own household bills on time, including their rent. However, we recognise that some claimants will need extra support in managing this payment. In some cases a Managed Payment of the housing element to the landlord might be appropriate to help protect tenancies.

### **Who can request a Managed Payment of the UC Housing Element to the Landlord?**

Either the claimant, their representative or their landlord can make a request for a managed payment to landlord.

If the claimant or their representative is making the request, this can be either

- During a Work Search Interview or
- By phoning the UC Service Centre on 0345 600 0723.

If the landlord is making the request, this can either be:

- By phoning Universal Credit on 0345 600 0723 or
- By email, using one of two UC47 forms hosted on GOV.UK
- By post using the UC47 Secure form hosted on GOV.uk

Both Private and Social Landlords can apply for a Managed Payment

The UC47 forms are available at the following address:

Universal Credit: Landlord request for a managed payment or rent arrears deduction - GOV.UK

**Important:** If the Landlord contacts us by phone, the UC Agent must refer the landlord to GOV.UK and ask them to use one of the versions of the Managed Payment/Rent arrears UC47 forms that are located there.

If the landlord has no access to GOV.UK the Agent can post a copy of the UC47 form but they **MUST** use the up to date version of the **UC47 Secure form** hosted on GOV.UK. This version is maintained and contains a legal declaration for Landlords to sign.

**For Landlords who want to email their requests form.**

There are two forms available to landlords depending on whether or not they have a secure email address.

1. For landlords with a secure email address:

The email addresses we can accept as secure are those ending **GSI, GCSX, GSX, CJX, CJSM** or **GSE**.

Landlords with a secure email address should complete the 'UC47 Secure' form. The form is available on GOV.UK at the following address.

Universal Credit: Landlord request for a managed payment or rent arrears deduction - GOV.UK

**If a 'UC47 Secure' form is received from an email address without one of the suffixes listed above it will not be processed.**

2. For Landlords who do **not** have a secure email address:

Landlords who do not have a secure email must use the 'UC47 Non-secure' form. This is to minimise the risk of sensitive claimant information being intercepted and misused. Upon receipt of the 'UC47 Non-secure' form, the Housing Teams will contact the landlord by phone to obtain the relevant payment details, where the call is unsuccessful full they will contact the landlords using form UC110.

The 'UC47 Non-secure' form is available on GOV.UK at the following address:

Universal Credit: Landlord request for a managed payment or rent arrears deduction - GOV.UK

Applications from both secure and non-secure email addresses should be submitted to the following email address:

Universalcredithousing.aparequests@dwp.gsi.gov.uk

Landlords are instructed not send anything other than UC47 forms to this email address.



## **For Landlords who want to post their request form.**

Landlords who wish to post their request using the UC47 Secure form should download the form from GOV.UK and send it to

FREEPOST DWP UNIVERSAL CREDIT LIVE SERVICE

## **When can a Managed Payment to a landlord be requested?**

A Managed Payment to landlord can be made when:

■ a claimant is in arrears with their rent for an amount equal to, or more than, two months of their rent. (A third party deduction to recover the rent arrears can also be requested at this point);

or ■ a claimant has continually underpaid their rent over a period of time, and they have accrued arrears of an amount equal to or more than one month's rent.

We should in the first instance consider Personal Budgeting Support, using the standard PBS referral process and then consider a Managed Payment of the housing costs element to the landlord for those claimants who we think will have longer term problems paying their rent.

## **What additional evidence is required to support the Managed Payment of the housing element application?**

The claimant or their representative will be asked to provide additional information to support the request for the Managed Payment, and will include the following:

- Proof of rent arrears which must show the current balance on the rent account, including the amount of rent outstanding and the amount of rent due for each payment period. A rent book, rent statement or letter from the landlord to the claimant on letter-headed paper, are all acceptable as proof of rent arrears.
- A full breakdown of how the rent arrears have been calculated e.g. the period over which the arrears have accrued.
- The landlord's contact details – their name and address plus their bank/building society account number and sort code for the payment.

When the landlord applies for a managed payment using the UC47 Secure form, they will not be required to provide additional supporting evidence, as the form captures all the relevant information needed to make a decision.

When the landlord applies for a managed payment using the UC47 Non-secure form the form will not capture their bank details due to security implications of sharing information via a non secure email route.

On receipt of the UC47 form the Agent will check that all the information required on the form has been completed. If not and where a UC47 Non-secure form has been used they

will contact the landlord by phone to obtain any missing information including their bank details. Where the phone call is unsuccessful, they will issue form UC110 to the landlord to gather any further information.

Once we have received all the information necessary to make a decision, we will inform both the landlord and claimant.

The Managed Payment to landlord will be reviewed at a stage deemed appropriate by UC, with a view to the tenant returning to the single monthly payment, having received additional personal budgeting support where appropriate.

## **2. More Frequent Payments**

Universal Credit is paid monthly, however, in instances where it is identified that a claimant is finding it difficult to budget monthly, they can have their UC divided over the month to be paid more frequently i.e. twice monthly or, exceptionally four times a month.

These can only be paid at the end of their first assessment period and would, in the majority of circumstances, be half their UC award, with the remaining half paid 14/15 days later. In very exceptional cases they could be paid four times a month e.g. a quarter of their UC payment after the end of the first AP and the rest paid at 7/8 day intervals.

In cases where their UC includes the housing element, this would be accompanied by a Managed Payment to the landlord to safeguard their home and provide greater assistance for the claimant household.

## **3. Split Payment**

In very exceptional circumstances payment of UC can be divided between two members of the household. This is known as a Split Payment. Split Payments are to prevent hardship to the claimant and their family and should only be considered in certain specific situations e.g. domestic violence or where financial abuse occurs and one partner mismanages the UC payment. Unlike appointee action, the claimant keeps full responsibility for their claim.

### **What is a Split Payment?**

A Split Payment is when the household UC award (which would normally be paid into a nominated account) is divided between two claimants in the household.

With a Split Payment the claimant(s) keeps responsibility for their claim and any related activity (e.g. work programme activity)

A Split Payment can be paid to:

- Two separate members of the household, with the larger percentage allocated to the person with primary caring responsibilities i.e. the one with child care. This is to ensure the health and well-being of the majority of the household.

If a Split Payment is to be made, the decision maker must also consider a Managed Payment of the UC housing element to the landlord where there is a rental liability.

### **When are Split Payments considered?**

Split Payments are normally considered to prevent hardship to the claimant and their family for example if the UC claimant is not managing their financial affairs and not meeting their family's day to day needs. Split Payments should be considered when:

- the claimant, notifies UC of financial mismanagement and/or financial abuse
- the claimant notifies UC that there are domestic violence issues
- the claimant cannot or will not budget for their own or their family's basic day to day needs

### **Making decisions to split payment**

The decision on a split payment application can be made by a Decision Maker / work coach.

There is no right of appeal against this decision. However, the decision can be reviewed if further information is provided by the claimant (and/or their partner).

If Split Payments may be appropriate, the UC agent must make sure the person applying for help is acting in the interests of the UC household.

Obtain as much information as possible from the applicant and / or if required, arrange an interview to find out more about:

- the level of the UC mismanagement, and
- its effect on the claimant and/or their family

Because of the need to also consider a Managed Payment to the landlord, it will be necessary to gather the landlords' details as part of the Split Payment process, where there is rental liability.

### **Action by Decision Maker / work coach**

They will consider the claimants' circumstances to decide if:

- appointee action is appropriate, rather than split payments
- Split Payment to a responsible person is appropriate. If this is appropriate they will decide:
  - the percentage amount of UC payable to each member of the household
  - the review period of the split payment, and

In order to apportion the UC award between the members of the household, the following is advocated;

- A Managed Payment to landlord is introduced where there is a rental liability to safeguard the home and ensure the UC housing element is payable to the landlord
- Any element of the UC award which is related to the children/ family is made payable to the person with primary childcare responsibilities
- The residual amount left after is split 60/ 40 , with 60% being allocated to the person with primary childcare responsibilities

The nominated officer/ Decision Maker or work coach will record their decision and set the appropriate task for the Account Developer to implement the Split Payment Alternative Payment Arrangement.

### **Further Information on Split Payment**

The following link provides guidance on when UC can be made to two addresses e.g. in the instance of a claimant fleeing domestic abuse (specifically covered in the section *Refugees*);

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/299267/a8-2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/299267/a8-2014.pdf)

**To Note:** Please remember to consult your local Domestic Violence champion if you have any queries on how to handle any instances of abuse (actual or suspected)..

## **Can a claimant appeal against an Alternative Payment Arrangement?**

The decision to award an APA is made by the UC agent, normally a Decision Maker / work coach, or Account Developer acting on behalf of the Secretary of State. There is no right of appeal against the decision, however the decision can be reviewed by the same or another UC agent if further information is provided.

## **When will Alternative Payment Arrangements be reviewed?**

Alternative Payment Arrangements will be reviewed to take account of a claimant's changing circumstances and characteristics. The aim is to deliver money advice through the personal budgeting support process to build the claimants financial capability so that, in time, they can manage the UC single monthly payment.

The UC agent will decide on the review period and each case will vary as claimants who are awarded an Alternative Payment Arrangement will have different characteristics and therefore a one size fits all approach is not considered appropriate.

Discretion should be used to decide on the best review period to be set and we should use the information provided by the claimant, their representative and / or landlord, to help inform the APA review period.

As a guide, we anticipate that reviews will be set for 3, 6, 9, 12, 15, 18 and 24 month periods.

If a claimant has more than one Alternative Payment Arrangement in place, the review period may be slightly longer than if they only had one. However, each case will need to be considered individually based on the claimants' circumstances and characteristics and for some claimants who are particularly vulnerable, e.g. a long term mental health condition with no one to support them, it may be more appropriate to have a longer review period.

### **Key factors for reviewing Alternative Payment Arrangements**

At the review, the UC agent will decide if the claimant is now capable of managing the single monthly payment. They will consider the outcomes from the money advice offering and whether the claimant now feels financially capable to manage their UC without the need for an Alternative Payment Arrangement.

If the claimant has two or more Alternative Payment Arrangements, it may be appropriate to consider a gradual move to the single monthly payment e.g. managing on a monthly basis first, followed later by paying their rent.

This 'stepping stone' approach aims to help make the transition to the single monthly payment easier.

The claimants UC records will be noted accordingly with the outcomes of the review even if it is decided that the APA should continue and a new review date set.

### **Reviewing an Alternative Payment Arrangement, Managed Payment to Landlord due to a change of circumstances**

If the claimant declares a change of circumstances e.g. change of address, change of income or other income, the Managed Payment to Landlord will be reviewed. Where the claimant has changed their address, the Managed Payment to Landlord will be stopped and a notification issued to the claimant and the landlord for their previous address.

Some case study examples are attached at [Annex B](#)

## Annex A

Factors to consider for Alternative Payment Arrangements
<b>Tier One factors – Highly likely / probable need for Alternative Payment Arrangements</b>
Drug / alcohol and / or other addiction problems e.g. gambling
Learning difficulties including problems with literacy and/or numeracy
Severe / multiple debt problems
In Temporary and / or Supported accommodation
Homeless
Domestic violence / abuse
Mental Health Condition
Currently in rent arrears / threat of eviction / repossession
Claimant is young either a 16/17 year old and / or a Care leaver
Families with multiple and complex needs
<b>Tier Two factors - Less likely / possible need for Alternative Payment Arrangements</b>
Third party deductions in place (e.g. for fines, utility arrears etc)
Claimant is a Refugee / asylum seeker
History of rent arrears
Previously homeless and / or in supported accommodation
Other disability (e.g. physical disability, sensory impairment etc)
Claimant has just left prison
Claimant has just left hospital
Recently bereaved
Language skills (e.g. English not spoken as the 'first language').
Ex Service personnel
NEETs - Not in Education, Employment or Training

The following provides more detailed guidance around each of the factors:

<b>Factors to consider for Alternative Payment Arrangements</b>
<b>Tier One factors – Highly likely / probable need for Alternative Payment Arrangements</b>
<b>1.1 Drug / alcohol and / or other addiction problems e.g. gambling</b> <ul style="list-style-type: none"><li>- Claimant declares/ has declared on a previous claim a problem with substance abuse</li><li>- Claimant considers themselves to be addicted/ a regular user</li><li>- Substance misuse includes problems with alcohol, any type of illegal drug or improper use of non illegal substances e.g. glue</li><li>- Feedback from third parties about the individual's addiction should also be taken into account e.g. support agency staff.</li></ul>
<b>1.2. Learning difficulties including problems with literacy and/or numeracy</b> <ul style="list-style-type: none"><li>- Claimant has difficulty reading, writing and/or performing simple mathematical tasks,</li><li>- May be evidenced by low/no educational achievement</li><li>- May also be linked to a medical condition (e.g. Autism, Downs Syndrome etc)</li></ul>
<b>1.3. Severe / multiple debt problems</b> <ul style="list-style-type: none"><li>- Claimants are unable to meet credit commitments from available income, taking account of minimal necessary expenditure. This may include personal loans, mortgage repayments, utility arrears and other debts of debt</li><li>- Severe debt problems could be evidenced by multiple debts and/or non payment of multiple debts over a period of 2 months or more and possibly heavy use of the new localised welfare assistance schemes.</li><li>- The key factor is that the claimant has not made a repayment plan or is not sticking to the terms of a repayment plan and is a very disorganised and chaotic money manager.</li></ul>
<b>1.4. In Temporary and / or Supported accommodation</b> <ul style="list-style-type: none"><li>- This includes both temporary accommodation (such as B&amp;Bs) and supported accommodation (e.g. homeless hostels, domestic violence refuges, specialist accommodation for disabled people)</li><li>- This could also include independent accommodation with housing related support (previously Supporting People) provision attached, such as floating support.</li><li>- Consider only if the claimants status in this accommodation impedes their ability to manage their financial affairs effectively</li></ul>

as some types of accommodation will be short stay, but others will have longer tenancies of two years or more and many claimants will be able to manage the UC single monthly payment. The focus should be more around the type of 'support' provided rather than the accommodation type when considering if Alternative Payment Arrangements are appropriate.

#### **1.5.Homeless**

- As per the Housing Act 1996, a claimant is homeless if they have no accommodation that it is safe or reasonable for them to occupy, or if they are expected to have no access to accommodation within 28 days.
- In practice, this includes people who are rough sleeping, people who are sofa surfing with friends or relatives, people in hostels, people who are about to be evicted and people in unsafe and unsuitable accommodation such as squats.
- Should have been homeless for more than 2 weeks or not at the same address for no more than 1 month.
- But do consider that some claimants who are homeless may still be financially capable.

#### **1.6.Domestic violence and abuse**

- Claimants who are currently suffering domestic abuse, or have had domestic abuse inflicted on them.
- This includes any incident of threatening behaviour, violence or abuse (psychological, physical, sexual, financial or emotional) between adults who are or have been intimate partners or family members regardless of gender or sexuality. This can also include forced marriage and so-called "honour crimes".
- Abuse that forms a pattern of coercive and controlling behaviour e.g. controlling the other person by using a variety of financial means

#### **1.7.Mental Health Condition**

- Claimant has a mental health condition (e.g. phobia, bi-polar disorder, severe depression) which impairs their ability to manage their own affairs effectively
- Feedback from a third party about the symptoms that the individual has should be taken into account, including any evidence from legacy information held.

#### **1.8.Currently in rent arrears / threat of eviction / repossession**

- Claimant is currently in arrears with their rent for an amount equal to or more than two months of their rent
- Claimant has continually underpaid their rent over a period of time, and they have accrued arrears of an amount equal to or more than one month's rent
- Claimant has been evicted for rent arrears within the last 12 months
- Claimant is subject/ threatened with eviction and/or repossession.

#### **1.9.Claimant is young either a 16/17 year old and / or a Care leaver**

- 16/17 year olds – many will have limited if no financial capability and in order to claim UC will have to be in some form of



hardship already (i.e. estranged from parents, have a child, be sick/disabled etc.)

- Care Leavers – Claimants who have recently been in local authority care and includes those over 17, most claimants leave care at 18, but some leave as early as 16 or as late as 25.

#### **1.10. Families with multiple and complex needs**

- Claimant is part of a family that is part of the Troubled Families Programme
- Other families with multiple and complex needs could include a combination of persistent offending behaviour, persistent anti-social behaviour, mental health issues, drugs and alcohol issues, domestic violence, safeguarding issues and debt
- Feedback from third parties e.g. family intervention case worker about the complex and overlapping nature of problems in the claimants' family should be taken into account

### **Tier Two factors – Less likely / possible need for Alternative Payment Arrangements**

#### **2.1. Third party deductions in place (e.g. for fines, utility arrears etc)**

- Claimant is currently making payments from benefit to repay utility arrears (e.g. gas, water, electricity)
- Or will be considered for rent arrears deductions as they are more than 2 months in arrears with their rent

#### **2.2. Claimant is a Refugee / asylum seeker**

- This definition applies to those claimants who have been granted refugee status, with indefinite leave to remain and with recourse to public funds within the last 12 months.
- Claimant is an asylum seeker who is eligible to claim DWP benefits while their application is being processed
- Their status impedes their ability to manage their own financial affairs effectively

#### **2.3. History of rent arrears**

- Claimant is not in arrears but may have been within the last 12 months and was subject / threatened with eviction and / or possession.
- Consider the fact that the claimant may now be financially capable and able to manage their own financial affairs effectively.

#### **2.4. Previously homeless and / or in supported accommodation**

- Claimant was homeless (as per definition above) within the last 12 months but is now in suitable accommodation.
- Claimant has moved from supported housing into independent accommodation within the last 12 months.
- Consider the fact that the claimant may now be financially capable and able to manage their own financial affairs effectively.

#### **2.5. Other disability (e.g. physical disability, sensory impairment etc).**

- Claimant has a disability/ impairment not covered by the 'mental health section that impairs their ability to manage their own financial affairs effectively

**2.6. Claimant has just left prison**

- Claimant has left prison within 3 months of making their claim to UC.
- Consider only if their status impedes their ability to manage their UC financial affairs effectively, budgeting support may be the answer rather than an Alternative Payment Arrangement.

**2.7. Claimant has just left hospital**

- Claimant has just left hospital within 3 months of making claim to UC.
- Consider only if their status impedes their ability to manage their UC financial affairs effectively, budgeting support may be the answer rather than an Alternative Payment Arrangement.

**2.8. Recently bereaved**

- Claimant has suffered the loss of close family member (as described in social fund guidance) within the last 3 months.
- Consider only if their status impedes their ability to manage their UC financial affairs effectively, budgeting support may be the answer rather than an Alternative Payment Arrangement.

**2.9. Language skills (e.g. English not spoken as the 'first language').**

- Claimant does not speak/understand English or does not speak/understand English as their first language.
- Consider only if their status impedes their ability to manage their UC financial affairs effectively, budgeting support may be the answer rather than an Alternative Payment Arrangement.

**2.10. Ex Service personnel**

- Claimant was a member of HM forces and was discharged within the last 18 months. (This does not include civilian posts with HM forces or any reserve organisations e.g. Territorial Army).
- Consider only if their status impedes their ability to manage their UC financial affairs effectively, budgeting support may be the answer rather than an Alternative Payment Arrangement.

**2.11. NEETs**

- Claimant is aged 18-24 and not in education, employment or training.

Consider only if their status impedes their ability to manage their UC financial affairs effectively, budgeting support may be the answer rather than an Alternative Payment Arrangement.

## **Annex B**

### **Case study examples**

The following case study examples are an indication of how several of the above factors can come into play when considering Alternative Payment Arrangements.

#### **Example 1**

Lucy is 26 years old and makes a claim to UC and following a 'Personal Budgeting Support' conversation with her work coach, it comes to light that she has a drug addiction problem plus a history of debt. She is currently a regular user of cannabis and is not receiving treatment (she says her local support service can only treat class A users at present), she wants treatment and says without it she cannot stop 'using'.

She is therefore considered for Alternative Payment Arrangements as risks spending a large proportion of her UC income on drugs. A decision is made to pay her rent direct to her landlord and to pay her more frequently than monthly. She is referred for treatment and for Money Advice at her Local Authority / CAB 'one stop' centre. Her circumstances will be reviewed in 9 months' time.

#### **Example 2**

Pete claims UC. He has severe learning difficulties and lives in supported accommodation. He is referred for Alternative Payment Arrangements. However it transpires that Pete's brother, Joe, acts as his appointee and fully manages his brothers' financial affairs. Joe has been looking after his brothers financial affairs for many years, ever since their parents passed away. He works part time and sees his brother regularly and is deemed capable of managing Pete's UC.

As a result an Alternative Payment Arrangement is not considered appropriate in this case.

#### **Example 3**

Gary is 22 and not in education, employment or training and claims UC. Following questioning, it comes to light that he has dyslexia, and struggles to read; he does not understand basic written documents and finds it difficult to manage his finances. During the conversation with him we discover that he also has debts. Although he does have some agreements in place to repay his arrears he is not sticking to the terms and therefore risks further action if he continues to fail to pay. He is also in debt to family members and is paying small amounts in erratic ways and well below what was agreed. He continues to borrow more money from friends to cover his debt payments. This is causing him a lot of anxiety.

It is agreed to pay his UC housing element as a Managed Payment to his landlord and he is referred for budgeting support services including the set up of a budgeting repayment plan. His circumstances will be reviewed in 6 months' time.

#### **Example 4**

Naveed claims UC following his discharge from a long spell in hospital, although his health condition is poor he is now in recovery. During his spell in hospital he accumulated some debt and his English is not very good. During the interview with Naveed and his health worker, it transpires that he considers himself financially capable, he explains that he has an active bank account with direct debit facilities, but would welcome some support to get the debts he has accumulated in order.

Alternative Payment Arrangements are therefore not considered appropriate and he receives his UC via the single monthly payment. He is referred for Budgeting Support Services to help him set up a repayment plan to help him clear his debts.